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Report on the prospective Financial Condition of Impore.

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No. 41.

1878.

From

The Deputy Accts. General in Mysore.

To

The ~~Offg.~~ Secretary to the Chief Commr.
" General Department.

Dated 28th August 1878

Despatched 28th

Received 28th

Enclosures No 1

General No 2907

Submitting a report on the prevalent & prospective financial Condition of Mysore.

Copy sent to Dist.

Estimates to be checked

29/8/78

The Estimates in para 5 as regards receipts are fair & may be accepted.

2 The land revenue collections for 1878-79 are estimated at 80 lacs. This is according to the Distt. Budgets already scrutinized & passed by this Office.

If the Rain: falls for 1878/79 are to be the same as those fixed for 1877/78 and the collection of 4 as in the Rupee postponed to may 1879 the collections

of 31 March should ordinarily be Estimated at 55 lacs.

4 The arrears of 20 lacs on 1 July last alluded to by the Dy. Accts. Genl include all the 14 lacs arrears of 1875/76. I am afraid - and shall collect very little if any more than this sum.

Even including out of calculation the arrears of 20 lacs, the may Estimate land revenue collections on account of the 3 Kists which will fall due on Dec. may safely be put at not less than 55 lacs.

5 For particulars as to the 20 lacs shown as arrears please see Dy. Accts. Genl's Memo. dated 29th ult. on which the above is based his report.

6 The Estimate under other heads of Revenue call for no remarks.

29/8/78

Secy. to Govt. Land Revenue

Accts. Genl. for information & necessary action.

Board to decide on the question of postponing one Kist to May, as was done last year. See para 3 of remarks etc, & Govt. hope to be consulted

29/8

See my Draft upon orders on it

30/8/78

Deputy Accountant Generals Office
Bangalore 28th August 1878

From
The Deputy Accountant General
of Mysore
To
The Secretary to the Chief Commissioner
General Department

Sir

I have the honor to acknowledge
receipt of your Endorsement No 3696-327
of the 14th instant in which you request
a report on the present and prospective
financial condition of Mysore for submission
to the Government of India with reference
to Foreign Department letter No 396 F
dated 6th idem -

2- The financial results of the Official
year 1877-8 may first be summarized.
In my forecast of 30th January 1878, I
estimated the total Land Revenue
collections of the year at 48 Lacs. The
actual realizations have however amounted
to 43 Lacs only. The other heads of revenue
which were estimated by me at 26 Lacs
have produced nearly 27 Lacs. The total

(Letter to General Secretary No 3553)

Income in 1877-8 ~~was~~ thus Rupees lacs against my estimate of 74 lacs.

3. As regards the expenditure of the year I estimated the gross amount under all heads at 168 lacs. The actual was 166 lacs, besides Rs 2,80,000 advanced to Ryots for the purchase of Cattle and Seed grain and for sinking wells.

Ordinary Civil Expenditure	95,18,000
Ordinary Public Works	17,43,000
Famine expenditure including Relief Works and Railway Embankments	53,45,000
	166,06,000

This abnormal expenditure was met thus.

By Revenue Receipts as above	70,00,000
By sale of the remaining invested funds.	45,60,000
By loan from the Government of India	50,00,000
	165,60,000
By Cash balance of 1st April 1877.	27,30,000

4. The new financial year 1878-79 opened with a Cash balance in our treasuries of Rs 26 lacs, the land revenue collections to end of July 1878 amounted to 25 lacs and other heads of receipts to about 2¼ lacs. We also received loans to the amount of eight lacs in April June and July making a total of 61¼ lacs whilst our expenditure during the same period was approximately 46 lacs.

The expenditure in the first four months of this year was exceptionally high Famine Establishments

Expenditure from April to July 1878.

1. Ordinary Civil charges	30,05,000
2. Pd. to the Mahi Kantha marriage	20,000
3 Famine expenditure in Civil department	27,000
4. Public Works Department including Relief Works Rs 57,2000 and Railway Embankment 1,75,000	11,33,000
	46,09,000

have now been materially reduced by the departure of all but 2 or 3 of the Relief Officers deputed from other provinces. So also has the expenditure on Relief Camps Relief work and Public Work. Establishments are also being curtailed, but on the other hand not more than 5 or 6 lacs of land revenue can be expected up to December next when the earliest collections of the current year will become due, and until then further loans will be indispensable. Four lacs have been sanctioned by the Government of India to meet the requirement of August and 5 lacs for September and it is estimated that 12 lacs may be needed in October, November and December making a total debt of 80 lacs. Hitherto the outlay on the railway embankment has been met from the general receipts and famine loans and it now seems probable, owing to the improvement in agricultural prospects and the reduction of famine expenditure that the 80 lacs may suffice for all purposes until the close of the current financial year.

5. The land revenue collections of the current year ending 31st March 79 are estimated in the budget at 80 lacs and having regard to the present favorable

favorable season it is probable that the outturn of the crops will enable the Government to enforce payment of the current assessments with the arrears which were postponed from last year. Towards the 80 lacs we have collected 25 lacs up to 31st July, leaving 55 lacs to be collected up to March next. Under other heads of revenue which have been estimated at 34½ lacs we may calculate on 30 lacs, or say under all heads 110 lacs. Hence, 27 lacs being realized up to 31st July, 83 lacs are due on the total estimates of the year between 1st August and 31st March 1879. Our expenditure for the same period may be approximately estimated as follows.

	Lacs
Ordinary Civil charges on the existing scale for 8 months	60
Public Works Departmental 1 lac per month	8
Relief Works including Railway up to 1st November as estimated by Chief Engineer	2¾
Railway requirements November to March only	2
Other Relief Outlay	1¼
Interest due on loans	3½
Total liabilities	77½
Deduct to be received in loans from August to December	22
The net sum required to be met from revenue receipts from 1st August to 31st March next will thus be	55½

and

and if we realize the 8 3 lacs due on the estimates it follows that we shall be in a position to repay 27½ lacs or at any rate a considerable portion of the loan by the close of the financial year-

6. In submitting this forecast which seems a sanguine one I would point out that I have assumed that a large proportion of the arrears of land revenue which amounted to 20 lacs on 1st July 1878 will be collected with the demands for the current year and within the ordinary period ending 31st March next, except in the more severely afflicted districts, in cases where some further concessions may be deemed advisable -

7. In connection with the subject of this letter I beg to note here for facility of reference the several reports which I have

submitted

submitted to the Chief Commissioner since January last in the General Department, and I annex a copy of a Note dated 8th April 1878 addressed to the Public Works Secretary regarding our financial position in relation to the proposed railway loan.

No 5553 dated 30th January 1878.
" 5752 " 13th February "
" 5880 " 21st do "
" 6293 " 18th March "
Note to Public Works Secretary 8th April.

I have the honor to be,
Sir,
Your most Obedient Servant.

Deputy Accountant General
of Mysore.

A.C.

Note on the financial position of Upper with reference to the Railways proposed in para 13 of India Government letter. Public Works Department dated 20th March 1878 No 1071

During the present financial year, owing to the continuance of agricultural distress, and the consequent need for prolonging measures of relief recently estimated by the Famine Commission at a cost of Rs 10,36,000 coupled with a serious decline in the revenue and unavoidable delay in effecting reductions of expenditure, it does not now seem probable that after paying the interest on the famine loans any surplus can be reckoned on. The estimate sketched in my report to the Chief Commissioner of 13th February last, has thus proved to have been too sanguine: not only is the famine expenditure likely to absorb any surplus over ordinary expenditure, but in consequence of the deficiency in the revenue collections up to the present time it has become necessary to apply for further loans during the current year, which ought if possible to be repaid with interest from the revenue accruing after December next.

2 In the ensuing year 1879-80 there ought

6

to be a Surplus, but the amount will depend partly on the recovery of the revenue from the effects of the recent calamity, and partly on the carrying out of measures of recovery. The normal income of the province in 1875-76, the year preceding the famine, was 110 lacs under all heads, including 74 lacs of Land Revenue. A considerable reduction in this figure must be expected for at least a year or two. I would estimate it at no more than 70 lacs, and our total income at about 106 lacs. If to this be added one lac to be raised by larger sales of Sandalwood, and 1½ lacs to be appropriated from Local funds, as proposed by the Retrenchment Committee, we may perhaps reckon on 108½ lacs in 1879-80, 110½ lacs in 1880-81, and 112½ lacs in 1881-1882.

3. On the other hand the normal expenditure of the province is 107 lacs, or allowing for casual savings 106 lacs, irrespective of all Relief and other exceptional charges. This estimate gives 2½ lacs to meet the interest on the famine loan.

Thus

Thus it is evident that to secure any tangible surplus in the ensuing three years we must look principally to the reductions of expenditure. That proposed by the Committee is as follows.

In the Revenue Department	2,43,733
Judicial & Jail Establishments	70,660
Police and Military	2,36,468
Educational	33267
Total Rupees	5,84,128

For the Public Works Department the Committee have suggested 15 lacs in 1879-80, but it will be a question for the Government to consider whether the additional obligations which will be entailed by a Railway loan of 75 lacs at 4½ per cent may not necessitate a further curtailment of ordinary public Works. The interest on the full amount of the loan, after the 3rd or 4th year will be Rs. 3,37,500 per annum. During the first three years the Government letter estimates that "the actual burden on the Imperial Revenues, allowing for some Revenue to be earned before the total amount of the loan becomes chargeable, may be expected not to exceed 1¾ lacs". This calculation assumes that the net earnings in the first three years on an outlay of 50 lacs will average Rs 50,000 a year. If after the completion

of

of the projected lines at the proposed cost of 75 lacs the net earnings are at 2 per cent, the annual charge to Mysore will be Rs 187500; if at 2 1/2 per cent Rs 150000; if at 3 per cent Rs 112500-

4. It may be easily practicable to meet the charges of interest, but many years of prosperity and Economy will be necessary to enable the Mysore State to liquidate the Capital of the Famine and Railway loans which will amount to 125 lacs-

Sd. H. Hudson
Deputy Accountant General
of Mysore

True Copy

H Eagles
Offg: Chief Assistant